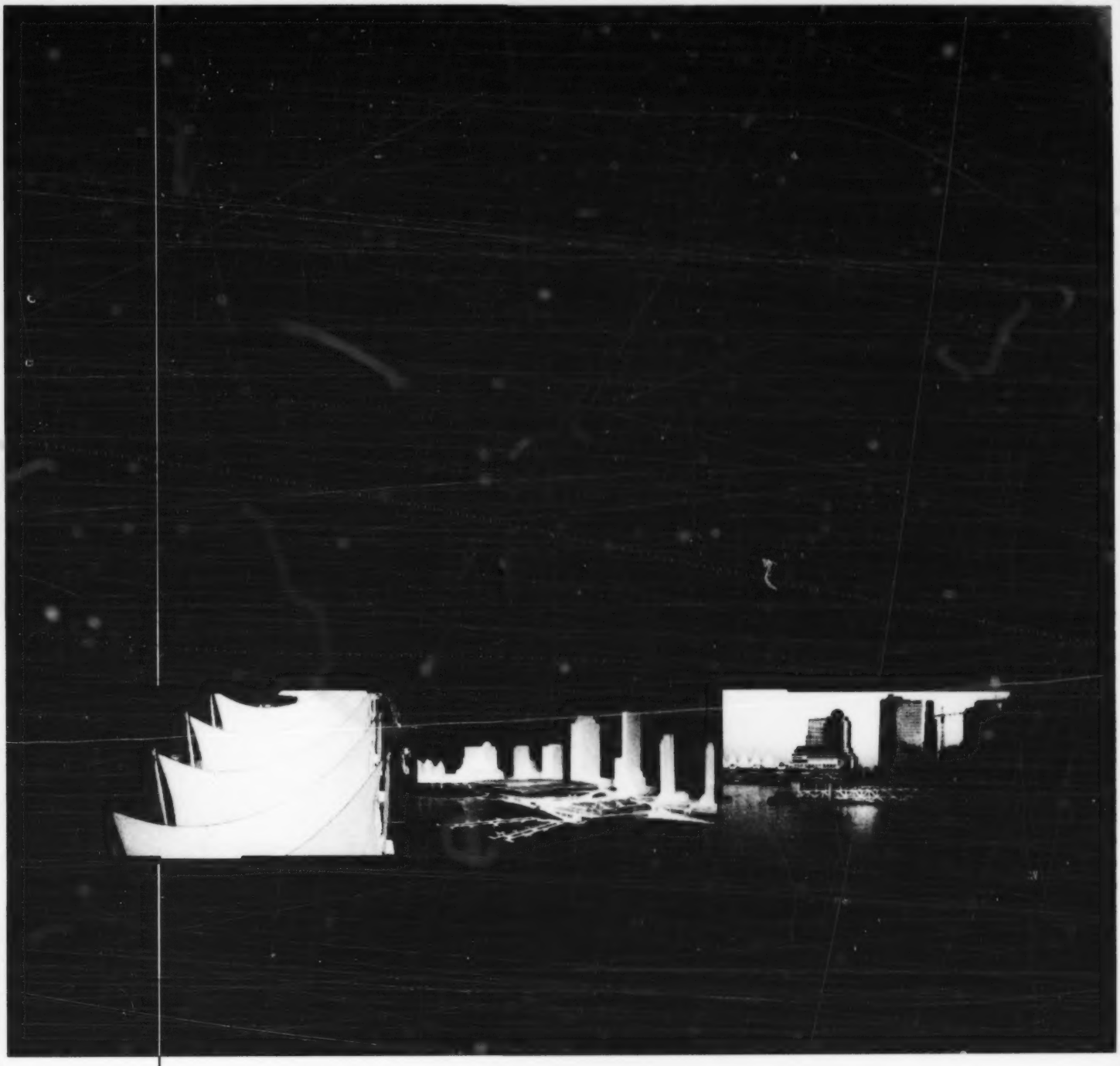

ANNUAL REPORT
2003/2004

VANCOUVER
CONVENTION CENTRE EXPANSION
PROJECT

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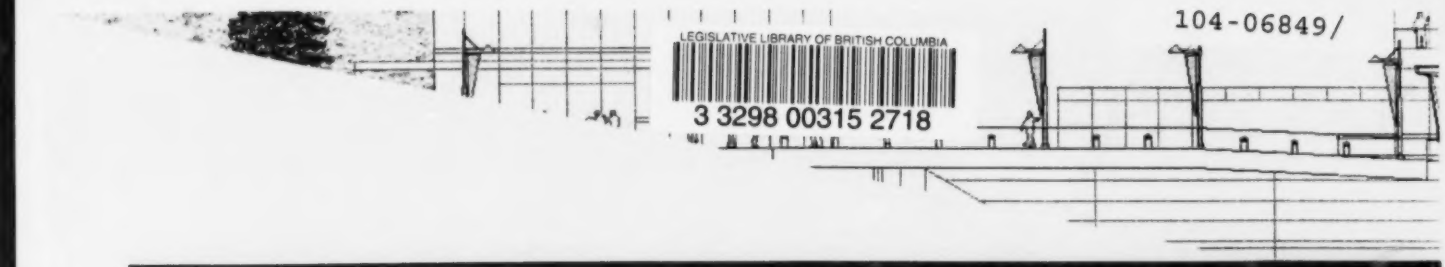

MESSAGE FROM THE CHAIR

The Vancouver Convention Centre Expansion Project (VCCEP) is an exciting project to be leading. When completed in 2008, the new convention centre will provide a model venue that will be sought after by convention organizers world-wide.

The expanded convention centre will welcome close to a million visitors every year. This first class facility will be able to efficiently accommodate large events or simultaneous smaller events using separate areas of the facility. By providing a wide variety of space requirements and offering options that meet the most sophisticated demands, the new convention centre will be well positioned to capture a greater share of the convention market.

The new state-of-the-art convention centre will generate positive, long-term impacts on tourism and contribute to future economic growth for the citizens of British Columbia and Canada.

Ken Dobell, Chair
Board of Directors

ACCOUNTABILITY STATEMENT

The 2003/04 Vancouver Convention Centre Expansion Project Ltd. Annual Report was prepared under our direction in accordance with the Budget Transparency and Accountability Act. We are accountable for the contents of the report. All significant decision, events and identified risks as of March 31, 2004 have been considered in preparing this report.

Ken Dobell
Chair, Board of Directors

Russell J. Anthony
President & Project Director

MESSAGE FROM THE PRESIDENT & PROJECT DIRECTOR

The past year has been extremely active for the Vancouver Convention Centre Expansion Project, resulting in significant progress in planning and designing the new facility.

During 2003/04, the focus was on finalizing funding, establishing solid project management systems, ensuring that all project staff were in place, preparing schematic designs, acquiring required land, initiating consultations with stakeholders and submitting the Environmental Approval application. The completion of these activities creates a solid foundation from which to move forward to more detailed planning and subsequent construction of the convention centre.

During the year, a great deal of time was devoted to the preparation of the Project Implementation Plan (PIP). The PIP is a critical component of the successful planning and delivery of the Project. It defines the Project's scope, budget and schedule and how it will be implemented. Volumes 2 (Implementation Strategies) and 3 (Project Controls and Procedures) were approved in January 2004 and Volume 1 (Project Definition) will be brought forward to the Board of Directors and the shareholder for approval during the first half of fiscal 2004/05 following completion of planning studies and schematic design.

Over the next year, VCCEP will move steadily forward, securing environmental approvals, completing the design development and commencing site preparation and foundation construction in the third quarter of fiscal 2004/05.

One of our objectives is to build a signature feature on the Vancouver waterfront and I am pleased to report that we are well on our way to achieving our goal.

Russell J. Anthony
President & Project Director

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CORPORATE PROFILE

MISSION

Vancouver Convention Centre Expansion Project Ltd. (VCCEP) is a provincially held limited company incorporated under the British Columbia Company Act on February 13, 2003.

VCCEP's mandate is to design, construct and commission an expansion to the existing Vancouver Convention and Exhibition Centre including:

- Construction of new facilities on the Burrard Landing Site, west of Canada Place;
- Renovation of existing leased facilities within Canada Place; and
- Linking of the two sites to form an integrated convention and exhibition centre.

Completion of the projects is scheduled for 2008.

VCCEP's financial management is government by the Financial Administration Act. VCCEP also acts in accordance with the Financial Information Act and the Capital Management Framework Policy.

LINKAGES TO GOVERNMENT STRATEGIC PRIORITIES

VCCEP's strategies are consistent with and support the government's strategic priorities. VCCEP is an integral part of the government's plan to promote economic growth and revitalize the British Columbia economy.

MINISTER RESPONSIBLE

Honourable John Les,
Minister of Small Business and Economic Development

BOARD OF DIRECTORS

VCCEP is governed by a four-member Board of Directors.

- Ken Dobell (Chair) – Deputy to the Premier
- Donald Leitch – Deputy Minister responsible for Security, Deregulation and Special Projects
- Paul Taylor (Chair, Audit Committee) – Deputy Minister of Finance
- Russell J. Anthony – President & Project Director

VCCEP's management reports regularly to the Board regarding financial matters, schedule, design, construction, environmental approvals and stakeholder relations.

EXECUTIVE GROUP

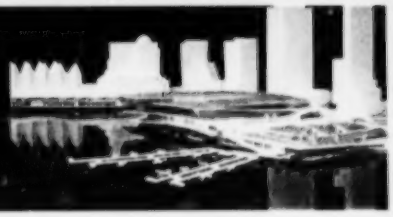
VCCEP is led by a team of executives with extensive experience in planning, designing and building major projects within Canada. The executive group includes:

- Russell J. Anthony – President & Project Director
- Colin E. Smith – Chief Financial Officer & Corporate Secretary
- David N. Walker – Project Manager

CONTACT INFORMATION

19th Floor - 999 West Hastings Street
Vancouver, British Columbia, V6C 2W2
Tel: 604 484 5200
Fax: 604 484 5201
www.vccep.bc.ca

THE YEAR IN REVIEW



OVERVIEW

During 2003/04, VCCEP moved forward with its established work plan and significant activities were initiated or completed during that time.

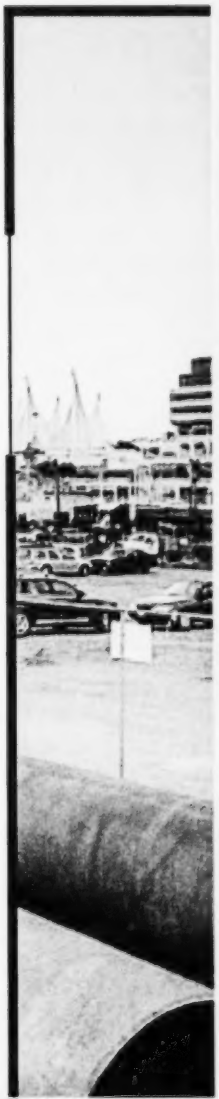
- The budget, scope and schedule are nearing completion and will be brought forward to the VCCEP Board of Directors and the shareholder for formal adoption in the first half of fiscal 2004/05;
- Project funding from the Province of British Columbia, Government of Canada and Tourism Vancouver has been confirmed;
- The core management team was put in place and key consultants retained;
- A Project Implementation Plan has been drafted and formal approval is anticipated in the first half of fiscal 2004/05;
- Negotiations for the acquisition of all required land have been completed;
- The architectural schematic design was 85% completed by March 31, 2004 and will be completed together with all other design disciplines in Spring 2004; and
- VCCEP submitted an Environmental Approval application to the provincial Environment Assessment Office for joint provincial/federal environmental assessment.
- A Sustainability Committee was established to determine sustainability and environmental goals for the Project.
- VCCEP commenced a review of the incorporation of British Columbia wood in the design.
- Pre-construction testing of the site ground conditions was undertaken.

MANAGEMENT DISCUSSION

Confirmed contributions for the Project total $535 million - the Province of British Columbia ($222.5 million), Government of Canada ($222.5 million) and Tourism Vancouver ($90 million). $495 million for the Expansion Program will be funded by contributions from the Province of British Columbia, Government of Canada and Tourism Vancouver while the $40 million program to connect the new facility to Canada Place and to upgrade Canada Place (the Integration Program) will be funded by contributions from the Province of British Columbia and Government of Canada.

The Province of British Columbia's and Tourism Vancouver's share of the total program is being advanced to the Company through contributions from the voted appropriations of the Ministry of Small Business and Economic Development in fiscal years 2003/04 through 2006/07.

A three-year service plan for fiscal years 2004/05 through 2006/07 was tabled by the Minister of Small Business and Economic Development in December 2003.



FINANCIAL POSITION

Annual financial statements to March 31, 2004, as audited by the Office of the Auditor General of British Columbia, are appended.

Vancouver Convention Centre Expansion Project Ltd.

Financial Statements

Year ended March 31, 2004

Vancouver Convention Centre Expansion Project Ltd.

Statement of Management Responsibility

Management, in accordance with Canadian generally accepted accounting principles, has prepared the financial statements of *Vancouver Convention Centre Expansion Project Ltd.* These statements present fairly the financial position of the Company as at March 31, 2004 and results of its operations and cash flows for the year ended March 31, 2004.

Management is responsible for the preparation, integrity and objectivity of the financial statements. Systems of internal control are developed and maintained by management to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Report of the Auditor General outlines the scope of his work on the financial statements of *Vancouver Convention Centre Expansion Project Ltd.*

Ken Dobell
Chair

Colin Smith
Corporate Secretary &
Chief Financial Officer

Victoria, British Columbia
April 28, 2004

Report of the Auditor General of British Columbia

To the Shareholder of the *Vancouver Convention Centre Expansion Project Ltd.:*

I have audited the balance sheet of *Vancouver Convention Centre Expansion Project Ltd.* as at March 31, 2004 and the statements of operations and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of *Vancouver Convention Centre Expansion Project Ltd.* as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Wayne Strelioff

Victoria, British Columbia
April 28, 2004

Wayne Strelioff, FCA
Auditor General

Vancouver Convention Centre Expansion Project Ltd.
Balance Sheet

(in $000s)

March 31	2004	2003
Assets		
Cash	1,040	29
Short term investments	23,126	-
Accounts receivable (Note 4)	314	63
Due from Federal Government (Note 5)	11,848	-
Prepaids	11	-
	36,339	92
Capital assets (Note 6)	55,645	33,476
	91,984	33,568
Liabilities		
Accounts payable (Note 7)	12,359	1,534
Deferred revenue	6	6
Due to shareholder	-	31,975
	12,365	33,515
Deferred capital contribution-Government of Canada	11,848	-
Shareholder's equity		
Share capital (Note 8)	-	-
Contributed surplus	67,000	-
Retained earnings	771	53
	67,771	53
	91,984	33,568

Commitments (Note 9)

On behalf of the Board

Chair

Director

The accompanying notes are an integral part of these financial statements.

Vancouver Convention Centre Expansion Project Ltd.

Statement of Income and Retained Earnings

(in $000s)

Years ended March 31	2004	2003 (Note 11)
Income		
Rent	**820**	54
Property tax recoveries	**49**	-
	869	54
Expenses		
Property tax	**84**	-
Amortization	**67**	-
Professional fees	**-**	1
	151	1
Net income for the year	**718**	53
Retained earnings - beginning of year	**53**	-
Retained earnings - end of year	**771**	53

The accompanying notes are an integral part of these financial statements.

Vancouver Convention Centre Expansion Project Ltd.
Statement of Cash Flows

(in $000s)

Years ended March 31	2004	2003 (Note 11)
Cash provided by (used in):		
Operations:		
Net income	**718**	53
Investments:		
Capital asset additions	**(22,169)**	(33,476)
Financing:		
Increase in accounts receivable	**(251)**	(63)
Increase in due from Federal Government	**(11,848)**	-
Increase in prepaids	**(11)**	-
Increase in accounts payable	**10,825**	1,534
Increase in deferred revenue	**-**	6
(Decrease) increase in due to Shareholder	**(31,975)**	31,975
Increase in deferred capital contribution-Federal	**11,848**	-
Increase in capital contributions – Province of BC	**67,000**	-
	45,588	33,452
Net increase in cash and cash equivalents	**24,137**	29
Cash and cash equivalents at beginning of year	**29**	-
Cash and cash equivalents at end of year	**24,166**	29

Cash and cash equivalents		
Cash	1,040	29
Short term investments	23,126	-
Total cash and cash equivalents	**24,166**	**29**

The accompanying notes are an integral part of these financial statements.

Vancouver Convention Centre Expansion Project Ltd.

Notes to the Financial Statements

For the year ended March 31, 2004

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1) Nature of Business

The Vancouver Convention Centre Expansion Project Ltd. (the "Company") was incorporated under the *Company Act (*now the *Business Corporations Act)* on February 13, 2003. A board of directors, all appointed by the government of British Columbia governs the Company.

The company's sole purpose is to design, build and commission an expansion of the convention centre in downtown Vancouver. Until construction commences, the Company is receiving rental income on the land held to house the expansion.

The Company is exempt from federal and provincial income taxes.

2) Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies followed in the preparation of these financial statements are:

a) Construction-in-progress

All costs of construction are recorded at cost and include direct costs during development and construction, as well as property taxes and the applicable portion of interest. At the point in time when the facilities are substantially completed, these costs will be transferred to capital assets. They will be subsequently amortized over their estimated useful lives.

b) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosure of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

c) Environmental costs

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

2) Significant Accounting Policies continued

d) Short term investment

Short term investments consist of low duration, fixed income securities, such as treasury bills, which are recorded at market value.

e) Capital asset amortization

Capital assets are stated at cost and amortization is being calculated on the straight-line basis using the following rates:

Asset	Rate
Furniture and Equipment	33%
Computer Hardware	33%
Computer Software	33%

f) Foreign currency translation

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect at the transaction date.

Any foreign currency denominated monetary liabilities are restated using the prevailing rate of exchange at the balance sheet date.

g) Related party transactions

The Company is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities, unless disclosed separately in these financial statements, are generally considered to be in the normal course of operations and are recorded at the exchange amount.

Vancouver Convention Centre Expansion Project Ltd.
Notes to the Financial Statements

For the year ended March 31, 2004

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3) Funding

The cost of construction of the expansion to the Vancouver Convention Centre million is to be shared by the Government of Canada ($202.5 million), the Province of British Columbia ($202.5 million) and Tourism Vancouver ($90 million). Further funds may be secured from commercial opportunities within the expansion.

In addition, the Government of Canada ("Canada") and the Province of British Columbia ("the Province") will cost share a further $40 million to construct a connection between the new convention centre facility and Canada Place plus upgrades to the existing facility.

The Province of British Columbia has committed a further $7.5 million for the upgrade of the existing facility at Canada Place provided the Government of Canada contributes a like amount.

4) Accounts Receivable

(in $000s)	March 31 2004	March 31 2003
Trade	54	63
GST	189	-
Due from Partnerships BC	57	-
Due from Rapid Transit Project 2000 Ltd.	14	-
	314	63

5) Due from the Government of Canada

The funding agreement between Canada and the Company specifies that the Company may submit claims for reimbursement of paid eligible costs to a maximum of $222.5 million. The Company has submitted two invoices to Western Economic Diversification Canada totaling $10.3 million for paid costs to March 31, 2004 it deems eligible.

Due from Federal Government (in $000s)	March 31 2004	March 31 2003
Eligible costs invoiced	10,276	-
Eligible costs unpaid at March 31	1,572	-
Total Due	**11,848**	-

Vancouver Convention Centre Expansion Project Ltd.
Notes to the Financial Statements

For the year ended March 31, 2004

6) Capital Assets

(in $000s)	Cost	Accumulated Amortization	March 31 2004 Net Book Value	March 31 2003 Net Book Value
Land	38,646	-	**38,646**	28,046
Furniture and Equipment	32	8	**24**	-
Computer Hardware/Software	235	59	**176**	-
Construction-in-progress	16,799	-	**16,799**	5,430
	55,712	67	**55,645**	33,476

Land consists of $28 million for the purchase of the Convention Centre lands from FHR Properties in March 2003, and $10.6 million for the purchase of Lot D from the City of Vancouver.

The Company has entered into an agreement with FHR Properties whereby FHR Properties has granted the Company an Option to Purchase Lot 22 for the sum of $1. Lot 22 is adjacent to the Convention Centre lands currently owned by the Company where the new expansion will be constructed.

The Company may exercise this Option up to its expiry date of March 31, 2007.

7) Accounts Payable

(in $000s)	March 31 2004	March 31 2003
Trade	**12,150**	152
Lien Holdbacks	**64**	-
Due to Auditor General of BC	**36**	1
Due to the Province	**-**	1,367
Due to Rapid Transit Project 2000 Ltd.	**109**	14
	12,359	1,534

Vancouver Convention Centre Expansion Project Ltd.
Notes to the Financial Statements

For the year ended March 31, 2004

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8) Share Capital

The Company has authorized capital of 100,000 common shares without par value of which 100 shares are issued and outstanding. The Minister of Small Business and Economic Development (formerly the Minister for Competition, Science and Enterprise) holds the shares issued as the designated representative of Her Majesty the Queen in right of the Province of British Columbia.

9) Commitments

(a) Construction-in-progress

As at March 31, 2004, the Company is committed to future expenditures of approximately $15.6 million ($10.7 million at March 31, 2003) for contracts currently entered into with respect to the Expansion Project.

(b) Operating Lease

The Company is committed to payments under operating leases as follows:

(in $000's)	March 31 2004	March 31 2003
Year ending March 31, 2005	249	-
2006	249	-
2007	249	-
2008	249	-
2009	124	-

10) Contingent Liability

Financial Security

The Company has issued a Letter of Credit ('LoC') for $211,940 to the City of Vancouver for warranty costs associated with the Thurlow Street Viaduct. The LoC is to expire October 20, 2004.

11) Comparative Figures

Certain 2003 figures have been reclassified to conform with the current year presentation. Comparative figures are for the period from incorporation (February 13, 2003) to March 31, 2003.